

Message Text

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ACTION EA-14

INFO OCT-01 ADP-00 AGR-20 AID-20 CIAE-00 COME-00 EB-11

FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12

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FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 7824

AMCONSUL SURABAYA

C O N F I D E N T I A L JAKARTA 8348

E.O. 11652: GDS

TAGS: EAGR, ID

SUBJ: RICE PRICES IN MEDAN CONSULAR DISTRICT

FOLLOWING TEL SENT ACTION JAKARTA FROM MEDAN JUL 11, 1973

REPEATED FOR INFO:

QUOTE

MEDAN 0197

E.O. 11652: GDS

TAGS: EAGR, ID

SUBJ: RICE PRICES IN MEDAN CONSULAR DISTRICT

REF MEDAN 188

SUMMARY

NORTH SUMATRA PROVINCIAL GOVERNMENT HAS RESORTED TO EMERGENCY

MEASURE OF INJECTING SOME 100 TONS OF RICE PER DAY INTO MEDAN

KAMPONGS TO DRIVE DOWN PRICES FROM JULY 4 HIGH OF RPS. 200 PER KILO

TO YESTERDAY AVERAGE OF 160, WITH FORMERLY STOCKPILED

RICE SELLING FOR 90 RPS. AND NO ACCURATE ESTIMATE OF HOW LONG

PROGRAM CAN CONTINUE. ACEH STILL EXPERIENCING PRICES OF RPS.

100-125; WEST SUMATRA WITH PRICES OF APPROXIMATELY RPS. 100 HAS

AGREED TO BEGIN SUPPLYING SOME OF ITS STOCKPILE TO HARDPRESSED

RIAU PROVINCE, WHERE PRICES HAVE REACHED RPS. 400 PER KILO.

HARVEST STILL COMING IN, PANIC SEEMS TO BE ABATING, SMUGGLING/

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HOARDING NO LONGER OFFICIALLY COUNTENANCED AND DOLOG ACCUMULATED

STOCKS REALLY FINDING WAY INTO MARKETS. PROGNOSIS DEPENDS ON HOW LONG STOCKS WILL LAST, HOW MUCH IMPORTED RICE JAKARTA MAKES AVAILABLE TO SUMATRA AND HOW LOW FLASHPOINTS ARE IN URBAN AREAS IF CONDITIONS AGAIN DECLINE. END SUMMARY

ON JULY 4, WITH PRICE OF MEDIUM QUALITY RICE SOARING TO RPS. 200 PER KILO, UP 90 FROM JUNE 16 PRICE, WITH MEDAN AGOG OVER STORIES OF HUNGRY PEDICAB DRIVERS EXTORTING RICE AT KNIFEPOINT FROM CHINESE MERCHANTS, WITH ARMY-INSPIRED PEMUDA PANCASILA (AUTHOR OF SEVERAL ANTI-CHINESE RIOTS IN LATE 1960S) THREATENING IMMINENT DEMONSTRATIONS, NORTH SUMATRAN PROVINCIAL GOVERNMENT MADE ITS LONG-AWAITED MOVE TO RELIEVE CRISIS ATMOSPHERE. BACK FROM EMERGENCY MEETING IN JAKARTA, GOVERNOR MARAH HALIM CALLED LOCAL SUPPLIERS TOGETHER AND VIRTUALLY ADMITTED BANKRUPTCY OF GOVERNMENT'S COLLECTION PROGRAM, AGREEING TO ABANDON FUTILE (SOME SAY IMAGINARY) DOLOG INJECTIONS OF 175 TONS PER DAY AND ANNOUNCING DECISION TO PROVIDE RATION OF ONE-FIFTH KILO PER PERSON FOR MEDAN RESIDENTS THROUGH NEIGHBORHOOD CHIEFS (PENGHULUS) AT FIXED PRICE OF 90 RUPIAHS, DRAWING ON STOCKS OF ABORTIVE NATIONAL PROCUREMENT PROGRAM (ACCORDING TO PRESS ONLY 1500 TONS OR 15 DAYS WORTH) AND NEW SHIPMENT FROM HONG KONG OF 20,000 TONS, PROMISED BY CENTRAL GOVERNMENT IN EMERGENCY SESSION, (SUFFICIENT FOR 200 DAYS AT THIS RATE AND IF IT ALL ARRIVES)

GOVERNOR ALSO ANNOUNCED AGREEMENT WITH ACEH GOVERNOR TO STEP UP RICE IMPORTS FROM THERE, THIS DESPITE FACT PRICES HAVE RISEN TO UNHEARD OF LEVELS (185 RPS. FOR TOP GRADE IN BANDA ACEH) AND GRUMBLING WIDESPREAD IN RICE-SURPLUS ACEH.

NEIGHBORHOOD SALES PROGRAM HAS HAD QUICK IMPACT ON MEDAN PRICES, DRIVING DOWN AVERAGE NEARLY 50 RPS. IN FIVE DAYS, COMPLAINTS ABOUT STANDING IN LINE AND PENGHULUS' PECULATIONS NOTWITHSTANDING. SUCCESS OF PROGRAM HAS RAISED QUESTIONS ABOUT HOW LONG STOCKS WILL HOLD AND WHAT DOLOG WAS SUPPOSEDLY DOING IN PAST MONTH. PRESS, AT ARMY'S URGING, HAS FOCUSED SPOTLIGHT ON CHINESE DEALERS, RATHER THAN PROVINCIAL OFFICIALS, WITH MANY HINTS THAT CHINESE CONNIVING WITH DOLOG TO WITHHOLD AVAILABLE SUPPLIES TO DRIVE UP PRICES. PRESS HAS PRINTED INCREASINGLY FREQUENT DEMANDS FOR PUBLIC INSPECTION OF CHINESE GODOWNS. ARMY-RUN PEMUDA PANCASILA, A SARWO EDHIE INNOVATION OF LATE 1960S THAT GOT OUT OF HAND ON AT LEAST TWO OCCASIONS, LEAVING HUNDREDS OF CHINESE DEAD, RESURFACED WITH DEMANDS FOR VIGILANTE INSPECTION TEAMS AND PROMISED DEMONSTRATIONS IN MID-CONFIDENTIAL

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JULY

IF PRICES STILL HIGH. OFF THE RECORD, NON-INVOLVED CHINESE SAY STOCKS ARE BEING HELD IN ARMED FORCES-CONTROLLED WAREHOUSES, WHERE INSPECTION NO PROBLEM AND INTENT OF CAMPAIGN IS TO FOCUS HATRED ON CHINESE, AS USUAL. CURIOUS THAT DECISION TO INJECT 100 TONS DAILY THROUGH PENGHULUS HAD INSTANT IMPACT WHILE MONTH-LONG INJECTION OF 175 TONS PER DAY THROUGH DEALERS HAD NONE. REASON, IT APPEARS, WAS THAT MILITARY/DOLOG/CHINESE DEALERS WERE CONSPIRING

TO WITHHOLD AS MUCH AS POSSIBLE AS LONG AS POSSIBLE BUT GROWTH
OF BORDERLINE PANIC SITUATION AND INTERVENTION OF JAKARTA CONVINCED
ALL INVOLVED TIME HAD COME TO START DELIVERING ON PROMISED
INJECTIONS.

PROBLEM REMAINS THAT WHILE WHOLE HARVEST NOT IN YET, SEEMS
SUFFICIENTLY SHORT TO KEEP PRICES HIGH ON MARKET IN FACE OF DAILY
INJECTIONS IN MEDAN AND ELSEWHERE, WITH STRONG LIKELIHOOD CLIMB
WILL RESUME WHEN STOCKS EXHAUSTED. IF FULL 20,000 TONS PROMISED
BY CENTRAL GOVERNMENT DELIVERED AND CONTINUED DIVERSION OF SURPLUS
FROM

ACEH POSSIBLE, DANGER AVERTED IN NORTH SUMATRA FOR THIS SEASON.

PROBLEM FOR NEXT YEAR IS HOW TO GET PROVINCIAL GOVERNMENT TO DO
ANYTHING ABOUT AGRICULTURE IN ADVANCE

OF NEXT CRISIS. PLAYING WITH FIRE NOTHING NEW HERE BUT
WOOD GETTING DRIER EVERY YEAR.

DION UNQUOTE.

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